

**MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND
MODERNIZATION ACT OF 2003--CONFERENCE REPORT**
Senate - November 24, 2003

Mr. President, I rise today to express my concerns about the proposal before us. I think it has to be put in the proper context. This is a \$400 billion subsidy over the 10 years that it exists, but over the actuarial life of this program, it is a \$7 trillion subsidy--\$7 trillion. It is not paid for.

Now, I have heard a number of speakers come to this floor and say this drug benefit is paid for by the senior citizens. Well, unlike the past, where seniors paid into their HI accounts, their health insurance accounts, and paid for their Medicare, that is not the case with this drug benefit. This drug benefit will be paid for essentially by working Americans who are working at the time that the seniors who benefit from the drug benefit receive that benefit.

The real concern arises when the baby boom generation, which is my generation, retires, because at that point we are going to have a massive influx of seniors into our system, and the cost that we--my generation--is going to put on the system is going to be dramatic.

It is so dramatic, in fact, that any child born today in the United States immediately arrives with a debt of \$44,000, which is what that child will owe during their working life in order to pay for my and my contemporaries'--baby boomers'--benefits under Medicare, and we are going to take that \$44,000 debt, which a child who is born today has, and we are going to add, with this bill, an additional \$15,000--an additional \$15,000--on top of the \$44,000. That is why I have concerns about this bill.

I believe we need a drug benefit for seniors, for low-income seniors who cannot afford the drugs which they are presently receiving. I believe we need a drug benefit which addresses the problem of a senior who ends up, because of their drug costs, being wiped out of all their basic assets; a catastrophic drug benefit, in other words.

But while we move down the road toward that type of a drug benefit, we have to, at the same time, reform the underlying Medicare system so that it is affordable, so that my children and the children of other Members of the baby boom generation do not end up paying so much to support health care for us, the retired, that their lives are depredated, that their quality of life is reduced.

Under the bill before us, unfortunately, although it has an attempt to address the low-income issue, and although it has an attempt to address the catastrophic issue, there is no significant attempt to address the reform issue. So the practical effect of this bill is that it puts in place a massive new benefit without any control over the costs of the underlying Medicare system. And the effect of that is that the children of the seniors of tomorrow--basically, my children and my grandchildren and the children of anybody who was born after 1940--will end up paying a huge amount in order to support us in our retirement.

This bill, put quite simply, is the largest intergenerational tax increase in the history of this country, and it should not be sugarcoated. It is a massive tax increase being placed on working, young Americans and Americans who have not yet been born in order to support a drug benefit for retired Americans and Americans who are about to retire, without any underlying reform to try to control the cost so that tax is not so high that it overwhelms the ability of our children and our children's children to live the quality of life that we have lived.

It seems incredibly unfair for one generation to do this to another generation, for us to use our political clout because we are in office to benefit our generation at the expense of our children and our children's children. Yet that is what, essentially, this bill does. It attempts reform, but it does not accomplish reform.

It claims to have, in the year 2010, some sort of competitive model, but the competitive model is PPOs. It says it has cost containment, but it really does not have cost containment at all. Then, in one of the true ironies of the bill, it takes people who already have private plans which are paid for by the private sector and moves those people into public plans, so we end up paying almost \$100 billion to subsidize private plans to stay private. What an outrageous approach. First we produce a plan that is going to cost our children \$7 trillion over the next 10 years, and then we say we are going to pay \$100 billion to the private sector to keep in place plans which they already plan to keep in place. They call that "reform." Very hard to understand.

The way the drug benefit is structured, utilization is obviously going to go through the roof because there is no incentive for people to be conscientious purchasers; there is simply an incentive to go out and purchase. I suppose that is because this is some sort of drug initiative that makes it more likely drugs will be purchased. But to have no cost incentives in place to control the rate of growth of the drug plan through control utilization is foolish.

There are good parts to the bill. There is the savings account, but that is \$6 billion. There is a physician increase payment. That is \$6 billion. That is \$12 billion over the 10 years. We could have afforded that. There is the rural initiative, \$25 billion. That gets you up to \$40 billion. That is still only one-tenth of the cost of the whole program. We are spending \$400 billion over 10 years to do what the plan has valued at \$40 billion of quality.

We could have gotten where we wanted to go if we had put in place a reasonable plan for low-income seniors, put in place a catastrophic plan so seniors would not have their income wiped out, assets wiped out by the cost of drugs, and at the same time put in place significant Medicare reform so that at the end of the day our children would know that, yes, they were going to have to pay more for their parents' drug costs but their parents were going to have to be more conscientious purchasers of health care and the health care system that was delivering those drug benefits to their parents was going to be more efficient and of a higher quality.

But that was not the process developed. The process developed, unfortunately, was developed to get us through the next election, to be able to say in the next election, we put in place a drug benefit at the expense of the children of tomorrow who will find during their working lives they are going to have to now pay \$7 trillion of unfunded liability to support a

program which has essentially no reform and no cost containment in it and, as a result, as I mentioned before, reflects the single largest tax increase in this country that one generation has put on another generation, a grossly unfair act and one that should embarrass us as a Congress and certainly does not fulfill the obligations we have as parents moving toward retirement.

This bill may well be well intentioned. I happen to think it is politically driven. But in the end, the results will be the same, whether it is well intentioned or politically driven. We will have put on the books a program which is going to cause our children and our children's children to have a lower quality of life than we have had. And we, as the people taking advantage of that program, will have been asked to take no actions that are responsible in the area of containing the costs of our health care delivery system.

As Republicans, we should be affronted by this. It goes against everything our party has always stood for, which is that government should be delivered in a responsible and efficient way--not in a way that simply throws money at an issue for the purposes of political gain. Unfortunately, we have chosen that second path in this bill and in the process we will be passing a tax increase that will cause our children and our children's children to have less of a quality of life than we have had.